

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03589 101813Z
ACTION STR-04

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 STRE-00 SSO-00
NSCE-00 USIE-00 INRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
ITC-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 AGR-05
AF-10 ARA-06 NEA-10 OIC-02 /134 W
-----101829Z 119463 /44

O R 101722Z MAY 77
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 7225
INFO AMEMBASSY TOKYO IMMEDIATE
ALL EC CAPITALS
USMISSION OECD PARIS

LIMITED OFFICIAL USE GENEVA 3589

PASS STR ELECTRONICALLY

STR FOR WOLFF

E.O. 11652: NA
TAGS: GATT
SUBJ: JAPANESE REQUEST FOR GATT WORKING PARTY ON ZENITH TV
DECISION

REF: GENEVA 3543

JAPANESE DELEGATION HAS NOW FURNISHED US WITH FOLLOWING
DRAFT TEXT OF NOTE CALLING FOR GATT WORKING PARTY ON
ZENITH CASE. THEY WOULD LIKE U.S. REACTION BEFORE
SUBMITTING TO GATT. TEXT IS AS FOLLOWS:

BEGIN TEXT:
THE U.S. SUSPENSION OF CUSTOMS LIQUIDATION REGARDING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03589 101813Z

CERTAIN JAPANESE CONSUMER ELECTRONIC PRODUCTS

1. ON APRIL 12, 1977, THE UNITED STATES CUSTOMS COURT
IN NEW YORK RULED THAT COUNTERVAILING DUTIES SHOULD BE
LEVIED ON CERTAIN CONSUMER ELECTRONIC PRODUCTS IMPORTED
INTO THE UNITED STATES FROM JAPAN BY REASON OF EXEMPTION
FROM COMMODITY TAXES UPON THE EXPORT OF SUCH PRODUCTS

FROM JAPAN. THE SUBSEQUENT ACTION AS OF APRIL 13, BY THE U.S. TREASURY DEPARTMENT TO SUSPEND CUSTOMS LIQUIDATION PROCEDURES WITH RESPECT TO THE IMPORTS OF SUCH PRODUCTS FROM JAPAN IS BOUND TO AFFECT SERIOUSLY EXPORTS OF JAPANESE CONSUMER ELECTRONIC PRODUCTS (WHICH AMOUNTED IN 1976 TO U.S. \$1.89 BILLION).

2. IN THIS RESPECT IT MAY BE RECALLED THAT THE U.S. TREASURY DEPARTMENT, FOLLOWING ITS COUNTERVAILING DUTIES INVESTIGATIONS SINCE 1972, MADE A DECISION THAT THE EFFECTS OF THE MEASURES IN JAPAN SHOULD NOT BE SUBJECT TO COUNTERVAILING DUTIES. THE U.S. CUSTOMS COURT RULING WAS MADE ON THE ZENITH RADIO CORPORATION'S MOTION AGAINST THIS DECISION CONTENDING THAT THE EXEMPTION FROM THE JAPANESE COMMODITY TAXES SHOULD BE MADE SUBJECT TO COUNTERVAILING DUTIES.

3. THE MEASURES INTRODUCED BY THE UNITED STATES AUTHORITIES, IN JAPAN'S VIEW, CLEARLY CONTRAVENE THE PROVISIONS OF GATT WHICH READS IN ARTICLE VI, PARAGRAPH 4:

"NO PRODUCT OF THE TERRITORY OF ANY CONTRACTING PARTY IMPORTED INTO THE TERRITORY OF ANY OTHER CONTRACTING PARTY SHALL BE SUBJECT TO ANTI-DUMPING OR COUNTERVAILING DUTY BY REASON OF THE EXEMPTION OF SUCH PRODUCT FROM DUTIES OR TAXES BORNE BY THE LIKE PRODUCT WHEN DESTINED FOR CONSUMPTION IN THE COUNTRY OF ORIGIN OR EXPORTATION, OR BY REASON OF THE REFUND OF SUCH DUTIES OR TAXES."

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03589 101813Z

AND IN THE SUPPLEMENTARY NOTE TO ARTICLE XVI:

"THE EXEMPTION OF AN EXPORTED PRODUCT FROM DUTIES OR TAXES BORNE BY THE LIKE PRODUCT WHEN DESTINED FOR DOMESTIC CONSUMPTION, OR THE REMISSION OF SUCH DUTIES OR TAXES IN AMOUNTS NOT IN EXCESS OF THOSE WHICH HAVE ACCRUED, SHALL NOT BE DEEMED TO BE A SUBSIDY."

4. ON THIS ISSUE THE JAPANESE GOVERNMENT HAS REPEATEDLY EXPRESSED ITS VIEWS TO THE U.S. GOVERNMENT SINCE THE INITIATION OF THE LITIGATION THAT THE CONTENTION OF ZENITH RADIO CORPORATION IS CONTRARY TO THE PROVISIONS OF GATT. IT MUST BE SAID THAT THE RULING BY THE U.S. CUSTOMS COURT AND THE SUBSEQUENT U.S. ACTION THAT ARE IN VIOLATION OF ESTABLISHED RULES, ARE BOUND TO CAUSE SERIOUS EFFECTS NOT ONLY TO EXPORTS OF JAPANESE ELECTRONIC PRODUCTS TO THE UNITED STATES BUT TO WORLD TRADE IN GENERAL AS MANY CONTRACTING PARTIES TO GATT PRESENTLY EXEMPT EXPORTED PRODUCTS FROM INTERNAL CONSUMPTION TAXES OR REFUND SUCH

TAXES.

FURTHERMORE, AS THERE IS DANGER OF POSSIBLE PROLIFERATION OF SUCH ACTIONS IN THE UNITED STATES TO MANY OTHER PRODUCTS IMPORTED FROM A LARGE NUMBER OF CONTRACTING PARTIES, IT WOULD BE NECESSARY FOR THIE CONTRACTING PARTIES TO EXPRESS A CLEAR-CUT VIEW ON THIS MATTER AND TO CONSIDER HOW BEST TO DEAL WITH IT.

5. ACCORDINGLY, THE JAPANESE GOVERNMENT REQUESTS THAT THE COUNCIL ESTABLISH A WORKING PARTY WITHOUT DELAY TO CONSIDER JAPAN'S VIEW THAT THE DECISION BY THE U.S. CUSTOMS COURT ON ZENITH RADIO CORPORATION VS U.S. AND THE SUBSEQUENT U.S. ACTION, ARE IN CONTRAVENTION OF GATT ARTICLE VI, PARAGRAPH 4 AND THE SUPPLEMENTARY NOTE TO ARTICLE XVI, AND CONSEQUENTLY IMPAIR JAPAN'S RIGHTS UNDER THE GATT, AND TO REPORT EXPEDITIOUSLY TO THE COUNCIL. END TEXT.SORENSEN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03589 101813Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TELEVISION, COMMODITY AGREEMENTS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA03589
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: UPGRADED PER MEMO FROM EA - EVELYN COLBERT 9/5/79
Executive Order: R1 19970510
Errors: N/A
Expiration:
Film Number: D770164-0998
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770575/aaaacmzk.tel
Line Count: 139
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8b54c397-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 GENEVA 3543
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2586923
Secure: OPEN
Status: NATIVE
Subject: JAPANESE REQUEST FOR GATT WORKING PARTY ON ZENITH TV DECISION
TAGS: ETRD, JA, US, GATT, ZENITH
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/8b54c397-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009